

The Monthly Magazine for Food and Agricultural Exporters

# AgExporter

United States Department of Agriculture  
Foreign Agricultural Service

October 2002

## *Not Just a Pretty Place:* **The Caribbean Has Multiple Markets For U.S. Agriculture**

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**Barbados Craves  
Consumer Foods**

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**Trinidad and Tobago:  
Two Islands With Enticing  
Potential, Each With  
Its Own Niche**

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TRADE SHOW OPPORTUNITY



# INTERNATIONAL FOOD AND DRINK EXHIBITION

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## LONDON, ENGLAND

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**The Show:**

The International Food and Drink Exhibition (IFE) is the United Kingdom's largest such exhibition. Organized by FreshRM (in conjunction with its U.S. partner, Reed Exhibition Companies), IFE typically attracts over 25,000 visitors from around the world.

**Location:**

ExCel, Royal Docks  
London, England

**Dates:**

March 23-26, 2003

**Deadline:**

Jan. 24, 2003

**The Market:**

The United Kingdom is the ninth largest export market for U.S. agricultural products. Best product prospects include wines, beer, tree nuts, processed fruits and vegetables, fresh fruits, sauces and marinades, confectionery, snack foods, egg products, non-soy vegetable oil, organic products, soft drinks, bakery ingredients, seafood and frozen foods. With a common language, a strong economy, and similar consumer preferences and trends, the United Kingdom is clearly a viable market of choice for U.S. companies looking to increase export sales.

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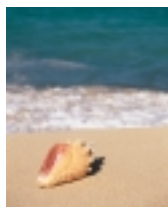
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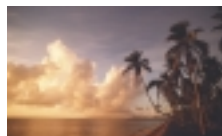


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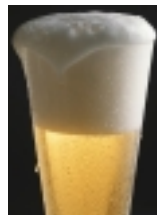


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# Tourism Resilient in the Caribbean: Prospects for U.S. Food Exports Are Good

By Aldo Arias

**U.S.** consumer food exports to the Caribbean region increased 7.7 percent in 2001 to a record \$667 million—in spite of a worldwide economic downturn and a decline in tourism. Signs are extremely positive that the tourism industry, the economic lifeblood of the Caribbean, is picking up its habitual rhythm of growth in the second half of 2002, as business travel resumes and consumer confidence returns.

## Tourism Outlook

During 2001, Caribbean tourism was off 3.5 percent from the previous year. However, the 2001 figures do not look too bad when you consider that 2000 set a record due to all the special events associated with the millennium. And because of the Caribbean's tourism promotion, with a special focus on security, family and discounts, the downturn was less severe than expected.

Experience has shown tourism to be one of the world's most resilient industries. Recently, the Caribbean Basin has been aggressively marketing tourism to Americans as well as Europeans and Canadians. Campaigns targeting non-U.S. visitors have focused on the Caribbean as a distinct region providing a unique travel experience as well as a safe haven for cultural and business exchanges. To the U.S. market, the Caribbean is being sold as a stable destination, close to home.

Innovative promotions have sold the Caribbean to international travel organi-



zations as a region offering a contrast between everyday existence and the Caribbean's sand, sun, fun, entertainment and calm. Examples of promotions have included family packages, discount theme holidays, elimination of minimum-stay requirements, lower fees for weddings and honeymoons and incentives for travel agents.

## A Top Vantage Point

The resurgence of tourism in the Caribbean means that the region will have to feed millions of visitors. For U.S. food exporters, the Caribbean will remain a vital market. The Caribbean is highly dependent on U.S. agricultural products, and U.S. food suppliers hold a huge competitive advantage in the region's hotel, restaurant and institutional sectors.

Products in particularly high demand include fresh produce, juices, soft drinks, dairy products, meats, seafood, dry goods and specialty foods.

In sending food items to the Caribbean, U.S. companies are in a command position. They are essentially trading "in their own backyard," and already hold sizeable market shares of all food products sold to the region. In this instance, "close to home" should be an advantage for U.S. suppliers, not only in terms of transportation costs and convenience, but also because many of the increasing numbers of tourists are American, and have American tastes. ■

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## Caribbean Contacts

Retail sector, food service sector and agricultural import requirement reports on Caribbean countries are available online. To find them on the Web, go to **[www.fas.usda.gov](http://www.fas.usda.gov)**, select **Attaché Reports** and choose one of three categories and an individual country or the Caribbean Basin region. For details of the report on which this story was based, see FAS Report C12002.

At the CBATO Web site, **[www.cbato.fas.usda.gov](http://www.cbato.fas.usda.gov)**, you will find additional reports and more information.



# Exporting to Barbados? Here's What You Need To Know

By Omar González

Importers in Barbados want U.S. agricultural and food products. The good news is that there are no laboratory testing, special certification or pre-market approval requirements on the vast majority of imports. However, detailed labeling is necessary. Labeling rules are enforced at the port of entry, with random checks made at retail and wholesale outlets.

## What Goes—On the Label, That Is

Barbados' labeling regulations are quite extensive. All labels must be in English, the official language. Multilingual labels are acceptable as long as English is one of the languages. Standard U.S. labels are generally suitable. The importer in Barbados may add a stick-on label to fully comply with specific information requirements not entirely met by the U.S. label.

All labels on prepackaged foods must contain the name of the food; list of ingredients; net contents and drained weight; name and address of the manufacturer; country of origin; lot identification; date marking and storage instructions; instructions for use; and grade designations, if any.

The net contents must be shown in the metric system—by volume for liquid foods and by weight for solid foods. In addition,



many U.S. labels state only the manufacturer's or packer's city and state. Barbados authorities require the country of origin to be explicitly stated as part of the address.

Nutritional labeling, including recommended daily intake information, is voluntary. Terms such as "high fiber," "low fat" and "reduced sugar" are acceptable. However, health claims are prohibited. Labels and advertisements of artificial, imitation, substitute or synthetic foods must state the nature of the product as an integral part of the name of the food. Any additives must be explicitly stated on the label.

## Import Procedures

Generally speaking, customs clearance takes about three to five days for most food products. However, delays caused by a shortage of inspectors are not uncommon. It is sometimes necessary for exporters to pay overtime fees to expedite the process. Employing a knowledgeable customs broker helps facilitate the process. ■

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## Documentation Required for All Food Imports

- Commercial invoice
- Bill of lading or air waybill
- Packing list
- Insurance certificate
- Import license (if applicable)

For details of the report on which this story was based, see FAS report BB2002. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.

Additional information is also available at:

Barbados Corporate Affairs and Intellectual Property Office: [www.caipo.gov.bb](http://www.caipo.gov.bb)

Barbados Customs Brokers Association: [www.barbadoscustomsbrokers.org](http://www.barbadoscustomsbrokers.org)

# Barbados Has Big Appetite For Consumer Foods

By Aldo Arias

**A**lthough this easternmost corner of the Caribbean retains its English character and strong cultural ties with the United Kingdom and Canada, its consumer food market tends to follow U.S. trends.

U.S. tourists and cable TV partially counter the influence of British and Canadian firms that provide rigorous competition for U.S. food and agricultural suppliers.

Since the 17<sup>th</sup> century, the sugarcane plantation had been the cornerstone of the Barbados economy. Only at the end of the 20<sup>th</sup> century did other industries on the 430-square-kilometer island surpass sugar in economic importance and bring about increased demand for consumer foods.

The island's 275,000 inhabitants have found economic diversification in tourism, light manufacturing and fledgling finance and information services.

Socioeconomic status usually determines where an islander shops. Consumers with higher incomes generally shop at supermarkets; middle-income shoppers frequent small supermarkets and convenience stores; and lower income residents typically choose traditional farmers' markets and mom-'n'-pop shops.

With little agricultural production besides sugar, poultry and pork, Barbados must import most of its food supplies. However, the island's food manufacturers have persuaded their government to protect their products with high duty rates, from 123 to 243 percent. The rates apply for poultry, pork, ice cream, soft drinks, juices, beer and vegetable products.

## Strategize for Supermarkets

Since 70 percent of food products destined for supermarkets are imported by local distributors or wholesalers, U.S. suppliers should aim for the supermarket sector first. U.S.-owned PriceSmart, the only international retailer on the island, is the exception to this rule, because the company imports many products through its Florida office.

About 85 percent of sales for smaller convenience or gas mart stores are imports, but their overall sales are a fraction of that of supermarkets.

To improve odds for gaining a customer base, U.S. suppliers should:

- Provide catalogs, samples, competitive pricing, credit and sales and advertising support for new brands.
- Participate in trade shows, particularly the Food Marketing Institute in Chicago and the Americas Food & Beverage in Miami.

## Getting the Goods

Most of the 15 importers and whole-



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salers in Barbados supply both the retail and food service sectors. They often make their own deliveries—weekly to most retailers, more frequently for larger customers.

The relatively high prices for products, mostly due to high tariffs and the unavoidable reliance on imports, have led to the creation of an informal “barrel industry”: Persons living or traveling in the United

## CARICOM Competition Stiff

**I**n 2001, Barbados imported a total of \$131.4 million in food products, with 70 percent destined for the retail sector.

The U.S. share of agricultural imports in 2001 was about \$49 million, of which almost \$23 million was consumer-oriented products. U.S. agricultural exports to the island reached their highest level in 2001, and are expected to be even higher in 2002.

The Caribbean Community and Common Market (CARICOM), a trade block composed of 14 island members, has the inside track on imports to the island. Most food products from member islands are not subject to any import duties, license restrictions, quotas or other barriers upon entry.

While high tariffs on some U.S. products make it hard for them to contend with local counterparts, the countries below are offering lively competition on the following items:

- Trinidad and Tobago: soft drinks, juices, beer, snacks, canned meats and fish, cereals and condiments
- United Kingdom: chicken leg quarters, tea and sauces
- Canada: pork and wheat flour
- New Zealand: lamb, cheeses and other dairy products
- France: wines, although U.S. and Chilean wines are getting more popular



States ship large barrels filled with lower priced U.S. consumer goods to Barbados.

### Retail Profiles

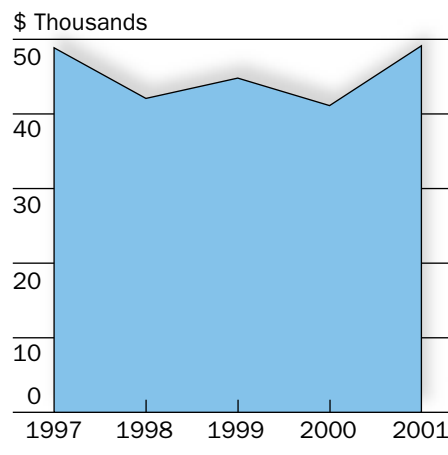
In response to increased competition, the supermarket sector has been through a consolidation phase and now numbers 25 stores.

With almost 60 outlets, convenience and gas mart stores can be small- or medium-sized. Among smaller convenience stores, competition has fostered an environment that welcomes new products, especially those that offer convenience at an affordable price. Best sellers include soft drinks, salty snacks, fast foods/cooked meals, milk and bread.

The mid-size convenience store sector has also been characterized by consolidation. Many outlets are being bought out and transformed into larger businesses that can compete better. They tend to stock mostly dry goods with a small selection of fresh and frozen items.

The many small, independent grocer-

### Continued Rebound Expected for U.S. Agricultural Exports to Barbados



ies buy from local distributors and concentrate on dry and canned goods. Mom-'n'-pop shops are ubiquitous and cater to the basic needs of neighborhoods by offering specialty items and ethnic foods that reflect local tastes. They usually carry limited supplies of fresh produce or meat products, with canned foods and beverages making

### Best U.S. Product Prospects

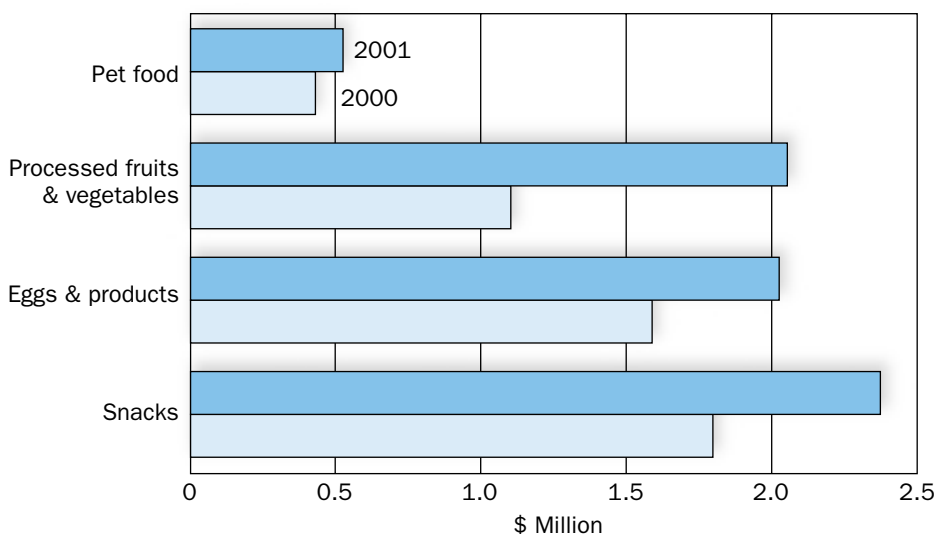
**C**onvenience foods lead the list of best sellers: snacks (salty and sweet), baby foods, confectionery, condiments, cereals, canned vegetables, low-fat and low-sodium foods, ready-to-eat meals and pet food.

Products with good sales potential include: low-fat or "health" foods, organics, convenience items, ethnic foods, juices, processed meats, margarine, specialty mushrooms, sports shakes, performance drinks and specialty seafood.

up their staple supplies. Many have refrigerators or freezers.

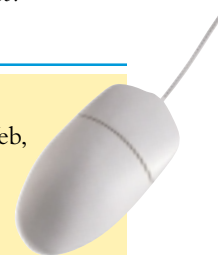
The island's five farmers' markets usually sell just locally produced items such as fruits, vegetables, fish and meats. Any imported products, such as beans and rice, are purchased from local distributors or wholesalers. ■

### U.S. Best Sellers That Scored Record Sales in 2001



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For details, see FAS Report BB2003. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



# Trinidad and Tobago: Made for Trade

By Omar González

Hardly your run-of-the-mill tourist destination, Trinidad and Tobago (a small country spanning two islands) is arguably the most culturally diverse and colorful nation in the Caribbean, with several factors setting it apart from its neighbors. Moreover, this land of steel drums and sunny skies is a paradise for trade as well as vacationers.

## Sizing Up the Market

First of all, Trinidad and Tobago stands out as one of the largest, most heavily populated countries in the Caribbean. It has a high degree of diversity: 40 percent of the population is of East Indian descent, another 40 percent of African heritage, and the remainder of Chinese, Middle Eastern or European descent. This makes for an interesting blend of cultures and religions unique in the region.

The country has enjoyed seven straight years of real growth in gross domestic product (GDP), with an average annual rate of 3.8 percent. Moreover, tourism—the back-

bone of most Caribbean economies—takes a back seat here to energy, financial services, manufacturing and other dynamic sectors as mainstays of the country's economy.

Just to keep matters interesting, Trinidad and Tobago could hardly be more different from each other. Most of the 1.3 million residents live on Trinidad, a mix of urban sprawl, rain-forested mountains and small farming communities with an economy based on the energy industry. Tobago, known for its beautiful beaches and laid-back atmosphere, depends primarily on tourism.





## GETTING ESTABLISHED IN THIS MARKET IS A CHALLENGE, BUT EXPORTERS WITH RELIABLE REPUTATIONS CAN THRIVE.

The energy sector is the true driving force behind the country's economy. Since 1990, its oil and natural gas production has increased 50 percent, and newly discovered reserves will likely lead to a boom over the next several years. One recent find alone is forecast to yield 1 billion barrels of oil and 2.5 trillion cubic feet of natural gas.

Drilling expenditures are expected to have surged from \$163 million in 2001 to \$637 million in 2002. Some 154 new wells are being drilled this year, 25 for exploration. Moreover, investments in liquefied natural gas (LNG) infrastructure are projected to make Trinidad and Tobago the world's fifth-largest LNG producer by 2005.

Tourism accounts for only 2-3 percent of national GDP, compared with 60-80 percent in many other Caribbean countries. Tobago's tourism season, like that of other Caribbean islands, runs primarily from Thanksgiving to Easter, and usually experiences a slight boost during Tobago's Heritage Festival in July. Most of Trinidad's tourists, on the other hand, arrive for its Carnival (Mardi Gras) celebration, the biggest in the Caribbean. Trinidad also is a choice location for business conferences, because many businesses are headquartered there.

### Doing Business in the Country

When shipping products to Trinidad and Tobago, all labels must be in English, the country's official language.

Multilingual labels are fine, but English must be one of the languages used, so standard U.S. labels are accepted and generally are more than adequate to meet labeling standards.

The main panel must have the brand name plus any common name by which the food is known. It should also list net contents: weight, volume and/or number.

If the food is packaged in liquid, the drained weight should be used. Net weight is not required if the quantity of food is less than 56 grams or 56 milliliters.

The label must list ingredients in order by weight or percentage and a contact address for the producer or packer. The address must include the city, state and country of origin.

The label must also list preservatives, food additives, colorings, expiration date, storage requirements and a batch or lot number.

New-to-market exporters should be aware that they will receive extra scrutiny until they establish a good track record. Random inspection at port occurs often, and inspections at retail may also happen.

Companies new to the market may use stick-on labels for up to three months, after which time they must make all their labels permanent.

### Nutritional Claims

At present, the government of Trinidad and Tobago does not have specific nutritional labeling requirements.

This is likely to change, however, because the government is developing new compulsory standards for nutritional labeling, including recommended daily intake requirements.

These requirements will be modeled after U.S. and Canadian standards. In the meantime, it is acceptable to use nutrient content claims such as: "low in saturated fat," "high-fiber" or "reduced sugar." One should avoid therapeutic claims, as these foods may be reclassified as medicines.

### Plans for Package Regulations

Trinidad and Tobago has no packag-

ing, waste disposal or recycling regulations, although the government may soon change that. Manufacturers have the flexibility of using any packaging material as long as it is acceptable for use with food products.

### Food Additives: It's Alimentary

The Trinidadian Ministry of Health has no specific regulations for food additives. As a general rule, the country relies on internationally accepted Codex Alimentarius (Codex) standards.

Health officials may also rely on European and U.S. standards if certain additives are not listed in the Codex standards. U.S. exporters who wish to sell a food with a new additive should first check with the government.

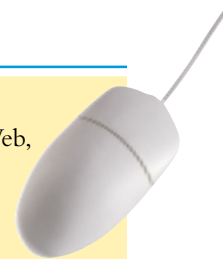
With pesticides, much as with food additives, health officials also follow the Codex standards, and often refer to U.S. standards as well. ■

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For details, see FAS Report TD2001. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



# Trinidad and Tobago: Opportunities Abound In Food Service and Retail Sectors

By Omar González

With its thriving economy and cultural diversity, relatively high annual per capita income (\$9,003), limited agricultural production, fairly open trade regime, English as the official language and strong U.S. influences, Trinidad and Tobago has proved to be an excellent and steady market for U.S. foods and beverages.

The food service and retail food sectors are vibrant commercial areas, driven by a growing economy and middle class, an increasing population and more women working outside the home.

Residents of both islands have acquired a taste for and loyalty to U.S. food products that have long been present in the market. U.S. exports of consumer-oriented agricultural products have doubled in the past seven years alone, reaching nearly \$40 million in calendar year 2001, with sales of snack foods, fresh fruits, and fruit and vegetable juices posting all-time highs.

In a typical year, the country imports \$184 million worth of consumer food products. About 30 percent is destined for the food service sector, and the remainder for the retail sector.

## Serving the Food Service Sector

Here, as in other areas, the two islands have distinct differences. While Trinidad's hotel, restaurant and institutional (HRI) food service sector relies on local and foreign business customers, Tobago's HRI sector depends almost entirely on tourists. High-end and family-style restaurants account for 75 percent of total food service

sales, followed by fast-food outlets with 15 percent and institutions with 10 percent.

Cuisine styles are as varied as the country's cultures, and one can find everything from *roti* (a local delicacy similar to a wrap) and Caribbean corn soup at street vendors to fine continental cuisine in four-star hotels. Trinidad and Tobago has a wide variety of dining facilities, ranging from upbeat and elegant to casual. Popular styles include Chinese (currently the trendiest), Caribbean, Creole, Indian, French, Italian, Thai and American. The twin island republic hosts over 600 traditional restaurants and another 185 fast-food eateries.

Approximately 95 percent of hotels and restaurants are locally owned. The only international hotel and restaurant chains with a market presence are Hilton, Crown Plaza, TGI Friday, Subway, Pizza Hut and KFC.

Most fine dining is found in the capital city of Port-of-Spain and on Tobago. La Ronde restaurants (of the Crown Plaza hotel chain) and Marquis restaurants (of the Hilton chain) are among the capital's most elegant.

In general, importers meet the needs of chefs and food and beverage managers by carrying their preferred brands. But importers also are interested in new, high-quality, affordable products, and may introduce them to their customers if suppliers provide promotional incentives.

When looking for new products, importers like to meet face-to-face with representatives and attend trade shows, such as the National Restaurant Association and Americas Food & Beverage shows.

Hotels and restaurants purchase food supplies from importers that typically wholesale and distribute the product. When restaurants need specific items or brands that local wholesalers do not carry, they import them directly.



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Fast-food chains like KFC, TGI Friday, Royal Castle and Subway import directly. TGI Friday imports 80-90 percent of its supplies from the United States.

Allied Caterers, the country's sole airline caterer, purchases products directly from suppliers or through local wholesalers. The company enjoys using U.S. products because of their consistency and quality, and prefers U.S. suppliers to local wholesalers because of their better pricing, relatively short delivery periods and reliable shipping.

New-to-market U.S. companies should be able to build on the high-quality image of U.S. products. However, it may be difficult for new products to compete with established brands, and it may be hard to find a wholesaler that does not carry a competing brand.

## Reaching the Retail Sector

About 70-80 percent of food products sold in Trinidad and Tobago's retail sector—from supermarkets to convenience stores to gas marts to mom-'n'-pop outlets—are imported. In the last 15 years, the market has become permeated by multinationals able to produce goods at lower cost, making it increasingly difficult for local manufacturers to compete. Many domestic companies have consequently shifted from manufacturing to distribution.

In recent years, a number of trends have taken place in the types of **supermarkets**

opening and the services they provide. Bigger stores with wide aisles and more check-out counters are becoming common.

Many supermarkets are increasing personalized services to attract and build loyalty among customers, particularly younger, middle- and working-class families and individuals. One major chain, JTA, has introduced the floor representative to answer customers' questions and help them find particular products or suggest substitutes. Another major trend in the retail food sector is the shift toward offering a wider range of U.S. imports because of their popularity, reputation for quality, convenience and fair price.

The best way to enter this market is through local wholesalers. Major chains such as Hi-Lo and PriceSmart expect product service, quality, affordability, reliability and consistency from suppliers.

**Convenience stores** and **gas marts** require frequent deliveries due to their small storage space. They depend on local wholesalers able to make frequent deliveries.

The Trinidad and Tobago National Petroleum Marketing Company (NP), with a network of 215 service stations, is the nation's sole marketer of petroleum fuels. NP's convenience stores are called Quik Shoppes. As the name connotes, Quik Shoppes have quick-service restaurants; they also carry a wide range of products, including grocery items, beverages and snacks.

**Traditional stores** include mom-'n'-pop shops, independent grocery stores, and street markets and vendors. Local wholesalers offer the best avenue for entering this market segment.

Independent grocery store owners like to buy from local wholesalers because their prices are lower, so they in turn can retail their goods at prices competitive with those of supermarket chains.

## Sizing Up U.S. Product Prospects

### Products already present in the market that have good sales potential:

HRI Sector	Retail Sector
Yogurt Juices Beef Turkey (whole and parts) Pork Produce	Cereals Fresh produce (e.g., bananas, apples, grapes, citrus, broccoli) Bottled juices Cake mixes Soups Meat products Cheeses

### Products not yet present in significant quantities but thought to have good potential:

HRI Sector	Retail Sector
Snack foods Ethnic food ingredients, sauces and other condiments for Indian, Thai, Japanese and Italian restaurants (in strong demand)	Healthy products or nutraceuticals (e.g., vitamins, low-fat foods, grain bars) Herbal products (e.g., teas) Non-Caribbean produce (e.g., raspberries, strawberries, black mushrooms) Pickled products Canned fruits

### Products thought to have good potential but to face market barriers:

HRI Sector	Retail Sector
Ice cream (certain brands) Beer and wines Specialty fresh produce (e.g., brussels sprouts, asparagus, artichokes) Processed fruits and vegetables	Meat and poultry products Ice cream (certain brands) Liquid milk Fish Wheat flour Rice Some vegetables Some fresh fruits Coffee Cocoa beans Sugar Most cooking oils and fats

Most independent grocery owners operate their stores—rent-free—out of their homes, and thus enjoy a huge advantage over other types of food stores. They usually cater to the micro-community, i.e., persons who live in and around a particular village or other small area. Patrons receive highly personalized service, and tend to be loyal. ■

*The author is the deputy director of FAS' Caribbean Basin Agricultural Trade Office (CBATO) in Miami, Fla. For more information about Caribbean markets for U.S. agricultural products, contact that office at: Tel.: (305) 536-5300; Fax: (305) 536-7577; E-mail: [cbato@cbato.net](mailto:cbato@cbato.net); Web site: [www.cbato.fas.usda.gov](http://www.cbato.fas.usda.gov)*



# Trinidad and Tobago: Unique Niches

By Omar González

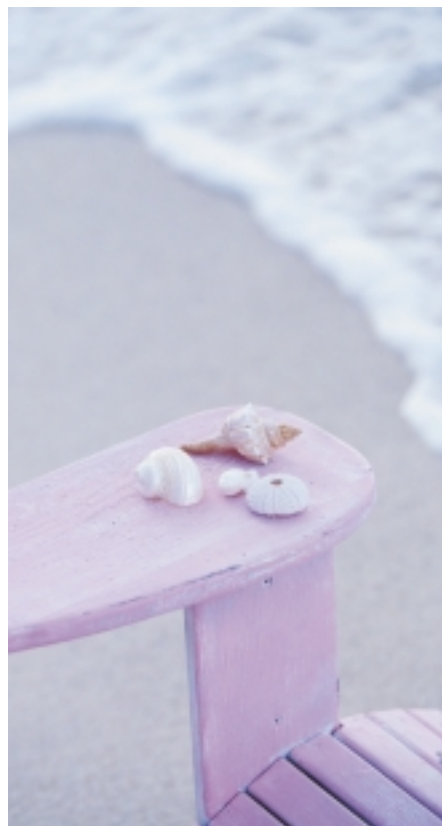
In addition to the wider markets of the food service and retail sectors, this nation's two islands offer two lucrative niche markets to U.S. food and beverage suppliers that could easily be overlooked because they form informal parts of the general retail and food service sectors.

## Sell by Feeding the Energy Industry

The most recent energy discovery is forecast to yield 1 billion barrels of oil and 2.5 trillion cubic feet of natural gas. To tap these reserves, companies are building drilling sites staffed by crews that can range anywhere from four to 75 members. Trinbagonians, as the islanders are popularly called, make up the majority of crews, but there is usually a small contingent of British and/or U.S. personnel on board.

Their food is supplied by a handful of catering businesses in Trinidad. They typically buy everything locally, even imported products, from distributors and importers. If a U.S. company becomes a supplier for one of these importers, however, it can be a lucrative partnership.

Caterers enter into supply agreements with short-term (three to four months) drilling contractors and into three-year agreements with major oil and gas companies when long-term production facilities are involved. In most cases, caterers provide full service, which includes everything from the food products to personnel to prepare the meals. Catering personnel may include a chef or supervisor, cooks and bakers. Most chefs and supervisors have local



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culinary degrees. Kitchen or galley facilities are normally well equipped with all cooking and storage necessities, and are supplied every week or two.

Crews are usually served four hot meals a day; snacks are available 24 hours a day. Crews typically get a choice of two meat entrées at every meal.

To enter this market, contact the catering companies. Although caterers do not import directly, they know which products will work in the offshore operations service. Classic Caterers is the largest such company in the country. Cater Serve, Food Etcetera and Malabar Farms are also important players in this field. If a caterer is interested in a U.S. product, it will refer the exporter to their distributor, which will procure the product for them.

The best prospects include canned vegetables, chocolates, ice cream, apples, pears and grapes. Roasted coffee and beef also have great potential. Alcohol is prohibited on any offshore operation.

## Sell by Feeding Yacht Owners

Until recently, Trinidad and Tobago was a little-known stop for most boaters. In 1990, only 637 yachts called at its ports. A decade later, 3,249 yachts docked in its harbors.

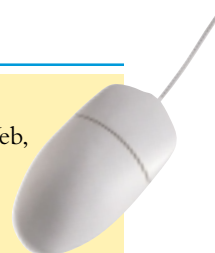
The country, just south of the hurricane belt, usually escapes major storms, making it a favorite with wealthy tourists.

Practically all food products do well here. Although yachts are usually equipped with refrigerators and freezers, the units tend to be small and need frequent restocking. Shelf-stable products also have excellent potential. Here, alcoholic beverages can sell. Luxury goods, such as steak, breads and cheeses, do well, along with fresh produce, pasta and pasta sauces.

An exporter's best bet is to contact a supplier directly. Close contact with a retailer serving this market is essential. ■

*The author is the deputy director of FAS' Caribbean Basin Agricultural Trade Office (CBATO) in Miami, Fla. For more information about Caribbean markets for U.S. agricultural products, contact that office at: Tel.: (305) 536-5300; Fax: (305) 536-7577; E-mail: [cbato@cbato.net](mailto:cbato@cbato.net); Web site: [www.cbato.fas.usda.gov](http://www.cbato.fas.usda.gov)*

For details, see FAS Report TD2002. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



# Taiwan Uncaps Alcoholic Beverage Market

By Jeff Miller

The day that Taiwan joined the World Trade Organization (WTO)—Jan. 1, 2002—it eliminated a decades-old ban on commercial alcoholic beverage production by private companies.

This is good news for U.S. exporters, who saw their market for alcoholic beverages in Taiwan dip from \$56 million in 1997 to \$20 million in 2001.

The privatization of the Taiwan Tobacco and Wine Board (TTWB), Taiwan's century-old monopoly producer of alcohol and tobacco products, means that any Taiwan-registered commercial entity may apply to produce beer, distilled spirits, wines or other alcoholic beverages, and if approved, distribute and sell its products. Products in bulk can also be imported for repackaging or value-added production.

## Heads Up for U.S. Suppliers

Accomplished two years ahead of schedule, Taiwan's privatization of beer production is expected to spur diversification in the beer-brewing segment of the industry, with opportunities available for both

large and microbrewers to establish and/or invest in local breweries. There will also be opportunities for U.S. companies to sell alcoholic beverages in bulk for value-added production or local repackaging.

The island's strong foundation in more traditional spirits—rice wines, herbal wines, and sorghum/grain-based products—may also present U.S. firms with attractive new sales and partnership opportunities.

## Taiwan Suds Priced Low

The TTWB's beer production has accounted for more than 80 percent of the 485 million liters of beer sold each year in Taiwan. While "familiar taste" is often cited as the reason for this popularity, low price plays an equal, if not more important, role in consumers' purchasing decisions.

While the near-term outlook for U.S. premium beer sales most certainly will be shaped by the price competition from TTWB producers, there is unprecedented opportunity to profit from niche beer markets.

So far, Taiwan residents have had limited exposure to different beer types, with market knowledge confined to local products. But beer connoisseurs are just waiting for more varieties; increased demand for imported craft and specialty brews can be tapped.

The TTWB is trying to hold its market share by keeping price increases to a minimum. While frustrating to outside competitors now, it is doubtful that the TTWB can continue the practice of losing money on its products over the longer term.

## Think Bulk

Before 2002, the TTWB was the only entity that could import wines and spirits in bulk for reprocessing. Now companies can import, in volume, for local repackag-



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ing and for use in value-added products such as cocktail mixes, wine coolers and brandied fruits.

Prior to WTO accession, local importers in particular were anticipating the profit potential of a liberalized marketplace.

## Traditional Spirits Keep Up

Since Taiwan has a strong domestic traditional wine and distilled spirits industry, industry analysts believe U.S. exporters should explore the supply of raw materials for this segment and check out investment in companies with desirable products. ■

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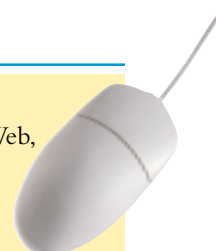
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## Beer Dominates Alcoholic Beverage Market

	Domestic Production	Imports
Product	Million liters	Million liters
Beer	400	85
Grape wines	0.5	5.5
Rice wines	172.8	0
Other*	75	14.1
Total	648.3	104.6

\*Includes whiskies and brandies.

For details, see FAS Report TW2004. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



# Exploring the Abundant Opportunities Of Italy's Food Sector

By Dana Biasetti

Italy was once home to the world's mightiest, most dynamic civilization. Ancient Rome extended throughout Europe and into Northern Africa and the Middle East, incorporating many countries and cultures and trading with many others.

Today Italy continues to offer numerous and expanding opportunities for U.S. food exporters. The country is changing from a strictly traditional society into a more modern one, spurring rapid development in its food industry.

Italy is one of the most affluent nations in Europe, and ranks as the world's sixth-largest industrial economy. In 2001, its gross national product was \$1.1 trillion with a 2.9-percent growth rate, while per capita income was \$18,590.

## Shifting Demographics

Italians are living longer, marrying later and having fewer children. The workforce numbers about 24 million people out of a total population of nearly 58 million. While unemployment reached a comparatively high 9.6 percent in 2001, inflation stood at 2.8 percent.

Italy's population is forecast to decline to 57.6 million in 2005, and to drop to 46 million by 2050. About 38 percent of Italian women work outside the home, and the increasing number of women in the workforce has had a definite impact on population. In the 1960s, the number of children per family averaged 2.41; this figure has now dropped to 1.2.

Singles now have a much more visible



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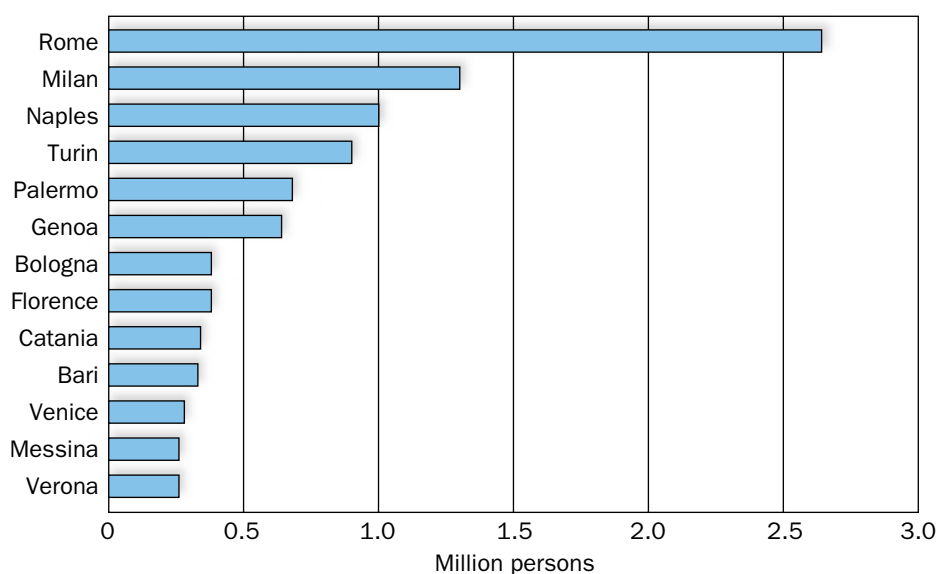
role in Italian society. Many more young people are living on their own, especially in the northern industrial cities. Singles are also starting to be recognized for their buying power, and retail outlets have started to cater to their needs by offering single-portion, ready-made food products.

## Geographic and Cultural Diversity

The Italian peninsula has many cultural and economic differences distinguishing the northern, central and southern regions.

About 72 percent of the Italian population lives in urban city centers. But Italy's three largest cities—Rome, Milan and

Italy's Population Is Widely Dispersed





Naples—are home to 5 million people, less than 10 percent of the total population. The rest of the population is widely dispersed among several medium-size and small cities. This is important to keep in mind when entering the Italian retail sector, because it means there are many cities through which a company or product could reach consumers.

The country is ethnically diverse as well. The leading foreign communities are Moroccans (148,000), Albanians (142,000), Romanians (69,000), Filipinos (65,000) and Americans (47,000). About one-third of the foreign residents are Muslims.

The ongoing socioeconomic and demographic changes in Italy have prompted consumers to spend more, to eat out regularly and to be more eclectic in their food choices. While the Mediterranean diet remains king, demand is growing for a wider array of exotic and ethnic foods.

### The Retail Landscape

The Italian retail sector is still relatively underdeveloped. The food sector is a curious blend of tradition and modernity, and although it is expanding at a much slower pace than that of some other European



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nations, it maintains high food quality standards. The Italian consumer is extremely well-educated and discerning when it comes to food. Quality gourmet items are

## Best U.S. Product Prospects

**A**nd speaking of opportunities, U.S. products with notable sales potential in the Italian retail market include:

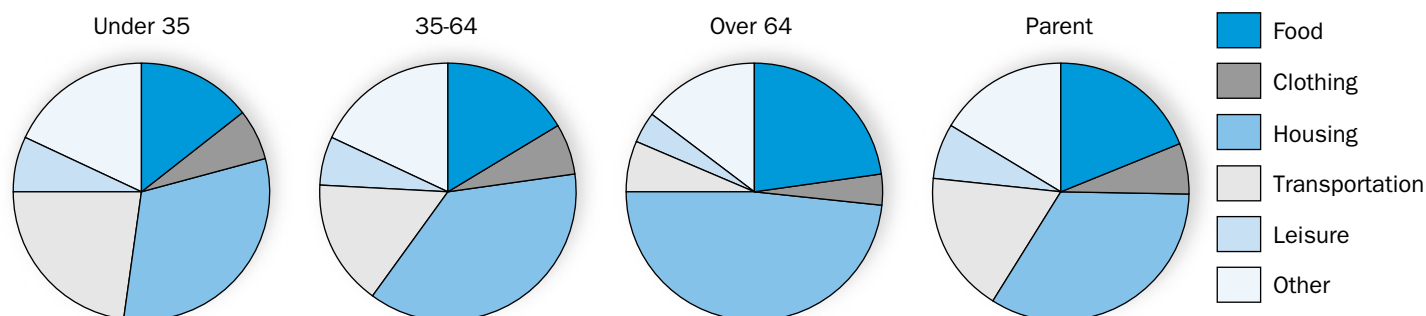
- Wild salmon from Alaska
- California wines
- Dried plums
- Tree nuts
- Wheat
- TexMex and other ethnic foods
- Dried beans
- Processed fruit juices
- Cake mixes
- Dressings, sauces and condiments
- Beer
- Snacks
- Lobster and scallops

integral to the Italian way of life, and many consumers are willing to pay the price for them.

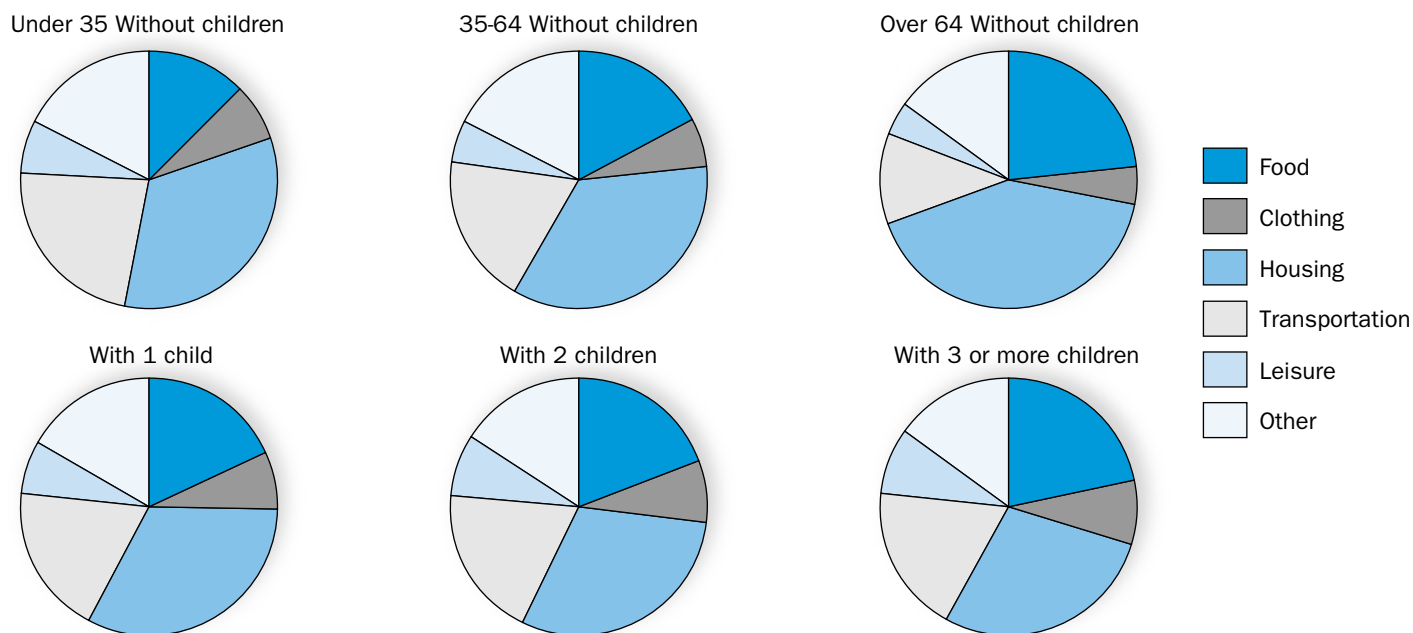
This is reflected in the retail sector, with large operations making slow but significant inroads, and small neighborhood food shops still dominant. For example, local mom-‘n’-pop stores continue to play an essential role.

Northern Italy, with its more prosper-

### For Single Adults, Food Ranks Among the Three Highest Expenditures As a Percentage of Household Consumption



### For Couples, Food Also Ranks Among the Three Highest Household Expenditures



ous regions and 5-percent unemployment rate, has the largest number of hypermarkets and supermarkets. The south lags behind, with few large retail outlets and a 22-percent unemployment rate. Local, independently owned shops have actually flourished in southern Italy, in sharp contrast to large retail outlets.

Italy is one of the few European countries whose food retail sector is still largely controlled by cooperatives and buying groups. COOP Italia, thanks to a creative marketing campaign, has maintained a strong position. CONAD seems close behind, seeking acquisition and joint venture opportunities and investing in promotional campaigns in the press and on television. Large distribution chains and supermarkets (such as Esselunga, COOP Italia, CONAD and Unes) are aggressively promoting their own private label brands of organic and other specialized products.

### Major Market Shifts

The strengthening and consolidation of the Italian retail sector has begun—led largely by foreign retailers. While key domestic players such as COOP Italia, CONAD, La Rinascente and Gruppo COIN have been busy holding onto their market shares through mergers and alliances, foreign retailers have been penetrating and expanding in the last few years.

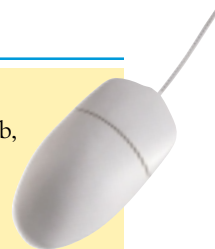
In 1999, CONAD and COOP Italia created the joint venture buying group Italia Distribuzione. In 2000, French retail giant Carrefour bought out Gruppo GS. Historically, no Italian grocery chain has had national coverage, but La Rinascente recently broke the mold, expanding southward through a joint venture with French retailer Auchan. In 2001, Auchan/La Rinascente concluded an eight-year franchise agreement for 120 superettes, 50 local traditional stores and six supermarkets.

Smaller domestic companies, such as Despar Italia, have been less active and may have to create their own alliances to remain competitive.

The food industry has become more sophisticated and will likely expand rapidly, creating opportunities for U.S. agricultural exports. ■

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For details, see FAS Report IT1029. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.



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TRADE SHOW OPPORTUNITY



# FOOD & HOTEL KOREA 2003

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## SEOUL, SOUTH KOREA

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### The Show:

This is the country's first trade-only international exhibition for the food, beverage, hotel, restaurant, food service, bakery and supermarket industries. South Korea is the third largest market for imported consumer goods in the Asia-Pacific region, and depends on imports for 70 percent of its food consumption.

Food & Hotel Korea offers a unique and important opportunity for U.S. exporters to promote products directly to the largest, most active food importers in the market.

### Location:

Seoul Trade Exhibition Center  
Seoul, South Korea



### Dates:

March 18-20, 2003—the week following FOOD EX JAPAN 2003

### Deadline:

Nov. 30, 2002

### Contacts:

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# Trade Notes...

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## U.S. Hazelnut Exports Skyrocket

During the first six months of fiscal year 2002, U.S. exports of hazelnuts reached 20,258 metric tons, up 100 percent compared to the same period last year. The estimated value was \$27 million. For this period, China was by far the largest customer for U.S. hazelnuts, importing nearly 15,000 tons with a value of \$18 million. Germany was the second largest market for U.S. hazelnuts, importing 1,400 tons valued at nearly \$2 million.

## Ethnic Foods Find Niche Market in France

France is the leading importer of ethnic foods in Europe, accounting for a third of Europe's \$3 billion a year in purchases. There are market opportunities in France for U.S. ethnic foods, including American Indian, Tex-Mex, Cajun—currently accounting for 2 percent of the sector—and Californian. French consumers are looking for exotic cuisine. In Paris, one out of every two new restaurants is based on a world cuisine concept.

## United States One Of World's Most Open Economies

A recent report from the U.S. International Trade Commission documents the relative openness of the American economy. According to the report, *Economic Effects of Significant U.S. Import Restraints*, the average U.S. tariff on goods imports was 1.71 percent in 1999, among the world's lowest. The report estimates the economic gain to the United States from removing all remaining U.S. trade barriers to be \$14.5 billion annually. The United States is one of the few countries that issue public reports on their own domestic trade barriers. The commission updates the import restraints report periodically, to help set an example for transparency in international trade. The report is available on the Web at: [www.usitc.gov/default.htm](http://www.usitc.gov/default.htm)

## USDA To Host American Café at Trade Show in Hungary

FAS will host an American Café at the Foodapest 2002 trade show in Budapest, Hungary, November 26-29. At the American Café, located in the U.S. pavilion, a company's products can be displayed without the expense of a full booth. For a fee of \$350, FAS staff will display and distribute sample products to potential customers. Hungary has 10 million consumers and a \$7,400 annual per capita income. The gross domestic product grows about 4 percent annually, and Hungary imports at least \$44 million in agricultural goods from the United States. In April 2002, Hungary reduced or suspended tariffs on key U.S. agricultural and industrial products, which could mean an additional \$180 million worth of exports annually. For information on exhibiting products at the American Café, or for more information on other USDA-endorsed shows, contact Sharon Cook, FAS Trade Show Office. Tel.: (202) 720-3425; Fax: (202) 690-4374; E-mail: [Sharon.Cook@fas.usda.gov](mailto:Sharon.Cook@fas.usda.gov)





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